

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6420

BILL NUMBER: HB 1243

NOTE PREPARED: Dec 27, 2009

BILL AMENDED:

SUBJECT: Method of Payment for Certain Public Assistance Recipients.

FIRST AUTHOR: Rep. Wolkins

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Auditor of State to allow payment by warrant instead of direct deposit by electronic funds transfer for certain recipients of the federal Temporary Assistance for Needy Families (TANF) program who are participating in the Indiana Manpower and Comprehensive Training (IMPACT) program and who request to be paid by warrant.

Effective Date: Upon passage.

Explanation of State Expenditures: *Summary:* Assuming there are no additional reimbursement requests as a result of this bill, and the expense of mailing warrant payments is \$1 per person per month, any increase in state expenditures is expected to be minimal. The maximum increase in state expenditures is estimated to be \$6,400 per year.

Additionally, the Auditor of State is expected to see an increase in workload to process warrant payments for IMPACT participants.

Additional Information: Under the bill, the workload of the Auditor of State will increase to create vendor identification numbers and process payments for individuals who opt to receive IMPACT reimbursement payment by warrant. Additionally, the state may experience expenditure increases to issue and mail paper checks to individuals who request IMPACT reimbursement by warrant.

The IMPACT program currently reimburses \$0.15 per mile, with a maximum reimbursement of \$200 per month, for expenses related to seeking employment to maintain TANF eligibility. Transportation

reimbursement under the IMPACT program makes up a small amount of support service costs under the IMPACT program (approximately 7%). Between September of 2008 and August of 2009, 687 individuals received reimbursement for a total of approximately \$24,000, (or \$35 per person per year).

In October of 2009, 26,920 adults received TANF benefits, and of these recipients only 6,124 of these individuals had either a checking, savings, or credit union account. Of the 687 individuals who received IMPACT reimbursement, a maximum of 531 IMPACT participants can be expected to request reimbursement payment through warrant.

Additionally, it should be noted that by allowing IMPACT participants to receive reimbursement payment by warrant may be more attractive than the next best payment method, and subsequently increase the demand for IMPACT reimbursement payments. The extent to which warrant payment is more attractive than other forms of payment and would increase the number of requests for reimbursement is indeterminable. If more participants request reimbursement payments, IMPACT expenditures will increase.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: FSSA; Auditor of State.

Local Agencies Affected:

Information Sources: Rebecca Kasper, FSSA.

Fiscal Analyst: Bill Brumbach, 232-9559.